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The newspaper of drug store retailing

Feb. 2,1991

DRUG STORE NEWS

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LATE NEWS

• WARREN, Mich. — Continuing its steady expansion effort, F&M Distributors has signed its 100th store lease agreement, and will have 95 units open in the Upper Midwest, North Central and Mid-Atlantic regions by the end of January. The deep-discount drug and HBA chain announced in 1986 its plans to have 100 units open within five years.

FEATURES

BTS/Stationery chalks up a hit

Retailers agree already profitable BTS/stationery departments are being aided by imaginative products. **Page 17.**

The retail heat across border

Western Canada's drug chains are prospering despite heavy competi[illegible]ent taxi[illegible].

Drug Store News
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SECOND CLASS

Duane Reade eyes record expansion

Duane Reade, the New York City discount drug store chain with the highest sales per square foot in the industry, is poised for its strongest expansion year ever.

A source says the 33-unit chain hopes to open at least 10 stores this year and has four more set to open this spring.

One store will be in Newark, N.J. and it will be the first Duane Reade to open outside of New York. Another will be a second Bronx store on Fordham Rd. while the remaining new openings will be in metro-New York, Duane Reade's core market. One of these stores will be downtown in the Wall Street area and the other will be in mid-town at 57th St. and 5th Ave.

At Duane Reade, however, management does not anticipate going into Newark or the Bronx as a way of expanding Duane Reade's geographic horizon. One source said they view markets like Newark and the Bronx as "extensions of New York City," meaning the store locations follow the company's formula of high traffic locations in bustling neighborhoods. The Newark store, for example, is not located on economically depressed Market St., but on Broadway, in a new office complex.

Duane Reade, which is one of the few drug chains able to describe 1990 as "a great year" for sales growth, is able to prosper for a variety of reasons. In addi-

See **Duane Reade** *page 69*

Rite Aid wins Wilczynski suit; action against Ohio Rx board possible

By Al Heller

SHIREMANSTOWN, Pa. — One down, more to go.

Melvin T. Wilczynski, the central figure in a bribery case against Rite Aid president Martin Grass, has apologized in a letter for his actions that led to Grass's August 1989 indictment and July 1990 trial. He also forfeited the $33,249.93 that Rite Aid owed him under a severance contract the chain acquired with its April 1989 purchase of 99 Peoples Lane division stores. And he was ordered to pay all court costs.

So ends the civil defamation suit brought against him by Rite Aid.

Book is closed

Grass told *Drug Store News* "this closes the book on Wilczynski. Wilczynski and Rite Aid and Wilczynski and Martin Grass are settled. Not so with the pharmacy board staff."

Rite Aid and Jones, Day, Reavis & Pogue, the Cleveland law firm, "are exploring all alternatives," Grass said, of possible civil action he or his chain may take against other Ohio Board of Pharmacy members. "Justice takes awhile. There is no urgency or hurry on our part . . . It could take six months before we decide."

In the interview, Grass hinted that other Ohio state agencies might be investigating the board.

'This case serves notice to the Ohio Board of Pharmacy that no drug chains—especially Rite Aid—will let them get away with selective enforcement. The days of coziness between board staff and pharmacy board members is over.'

—Martin Grass

Grass

"This case serves notice to the Ohio Board of Pharmacy that no drug chains—especially Rite Aid—will let them get away with selective enforcement. The days of coziness between board staff and pharmacy board members is over," said Grass, who characterized his dealings with pharmacy boards in other states as "arms-length, not adversarial."

See **Rite Aid** *page 69*

Peoples' Eisenberg leaves to form consulting firm

ALEXANDRIA, Va. — David Eisenberg, who rose from a summer job as a teenage soda jerk at Peoples to president of the chain 38 years later, left his job last month to form his own consulting firm.

Eisenberg

Eisenberg's departure was anticipated, the result of the continuing consolidation of much of Peoples' headquarters-level operations at CVS in Woonsocket, R.I. Melville Corp., CVS's parent company, purchased the 450-store mid-Atlantic chain last year. Other top Peoples executives will be leaving as the transition period continues through June.

"During the transition period David's support was invaluable to everyone in the company and in particular to me personally," said Harvey Rosenberg, president

See **Eisenberg** *page 69*

Why fret about margins if sales go outasight?

Giant Food borrowed a page from the deep discounters last year by de-emphasizing its powerful cosmetics department and installing this Super Deals aisle in its place. A smart decision: In this 65,000-square-foot store in Bailey's Crossroads, Va., weekly sales for the aisle soared from $7,000 to $18,000. The chain reportedly plans to add another Super Deals aisle featuring frozen food specials. Giant began the experiment in this prime, center-store location with hot HBA items, then added food across the aisle. Tables in between feature a mix of sizzlers with the emphasis on paper and detergents.

NEWS IN BRIEF

Walgreens pharmacy veteran dies

DEERFIELD, Ill. — Henry Cade, Walgreens director of public affairs and professional relations for the past eight years, died Jan. 10 at St. Josephs' Hospital, Chicago, after an illness. He was 64.

A pharmacist who had joined Walgreens in 1959, Cade, in his most recent post, was responsible for the company's professional relations with the pharmaceutical industry, and for Walgreens' corporate giving, or philanthropy, program.

"He was very interested in the whole universe of pharmacy," said Edward King, Cade's good friend, and Walgreens' director of government and corporate relations.

"Henry was very dedicated to the pharmacy profession—all 'modalities' of the profession, as he would say," said King.

Cade's many board positions included terms as the president and chairman of the National Association of Boards of Pharmacy, and as chairman of the Illinois State Board of Pharmacy, which, in 1987, had named him pharmacist of the year. Last year Cade received the Harold W. Pratt Award from the National Association of Chain Drug Stores and was named honorary president of the Illinois Pharmacists Association.

Rite Aid makes exec appointments

SHIREMANSTOWN, Pa. — Rite Aid has promoted Timothy Noonan to executive vp of drug store operations. Noonan, who joined Rite Aid as a pharmacist in 1969, had been senior vp.

Also, Alex Schamroth, most recently senior vp of pharmacy operations, was named executive vp, over the pharmacy duties. Schamroth joined Rite Aid as a pharmacist in 1973.

In a third promotion, Philip Markovitz, who joined Rite Aid in 1971 as real estate director, was promoted to senior vp of corporate real estate, from vp of real estate.

Pay Less names 2 to new merch. post

WILSONVILLE, Ore. — Two persons have been named to a newly created Pay Less Drug Stores NW post of Director of Merchandise as part of a management restructure, after Tim McAlear was named president and ceo last month.

Andy Striefel, most recently merchandise manager for non-drug related categories, and Bill Wilson, most recently merchandise manager for categories including cosmetics, toiletries and OTC, were named to the new position.

Steve Elliot, most recently a merchandiser, was promoted to replace Striefel as merchandise manager for non-drug areas. Jerry Howell, also a merchandiser, was similarly promoted to replace Wilson.

In other appointments, Jim Gleason was named corporate controller, and Ann Oldenburg was named corporate treasurer. Gleason was most recently budget and financial planning manager. Oldenburg was cash department manager.

Striefel and Wilson will report to Jerry Kuske, who was one of three vice presidents named as senior vp last month.

DrSN, DSN sponsoring B-T-S seminar

NEW YORK — *Drug Store News* and its sister publication, *Discount Store News*, will sponsor a seminar on the stationery category during the Back-To-School Merchandise Show at the Javits Center here Feb. 9-11. The panel discussion is scheduled for 8:30 a.m. to 9:30 a.m. Feb. 10 in Room 1A03 at Javits Center. The seminar is open to all show registrants.

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Canadian chains battle superstores, laws 8

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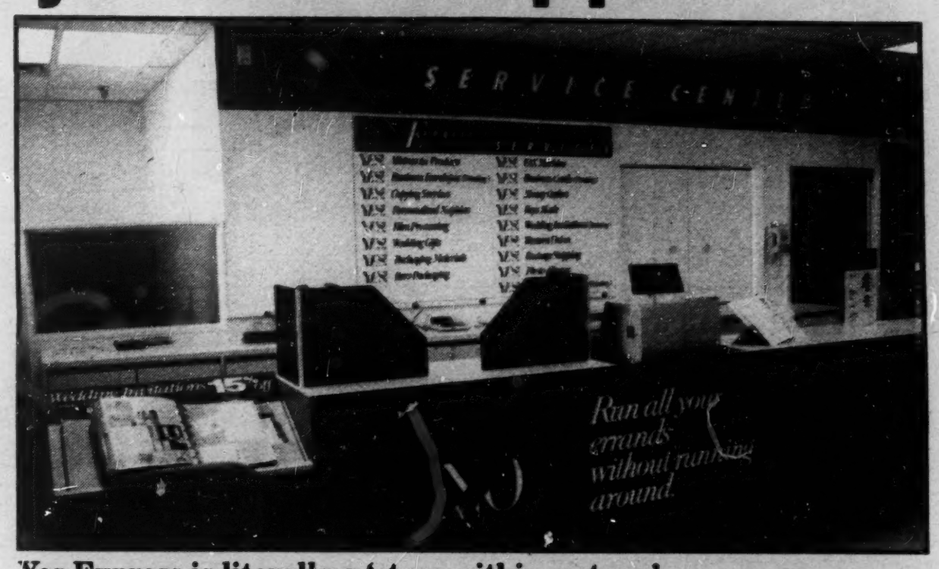
Snyder's new service center says loud 'yes' to shoppers

By Susan Ball

MINNEAPOLIS — Snyder Drug's new prototype store, which opened Jan. 13 in suburban Eden Prairie, says "yes" to service loud and clear through a variety of new features.

Here are some highlights:

• "Yes Express" — Snyder's new service and merchandise center up front offers customers: packaging and shipping; faxing; customized printing of wedding and other social invitations, business stationery and the like; photocopying; notary public; Western Union money transfers; money orders; photofinishing; key making; postage stamps; discount movie tickets; and gift wrapping.



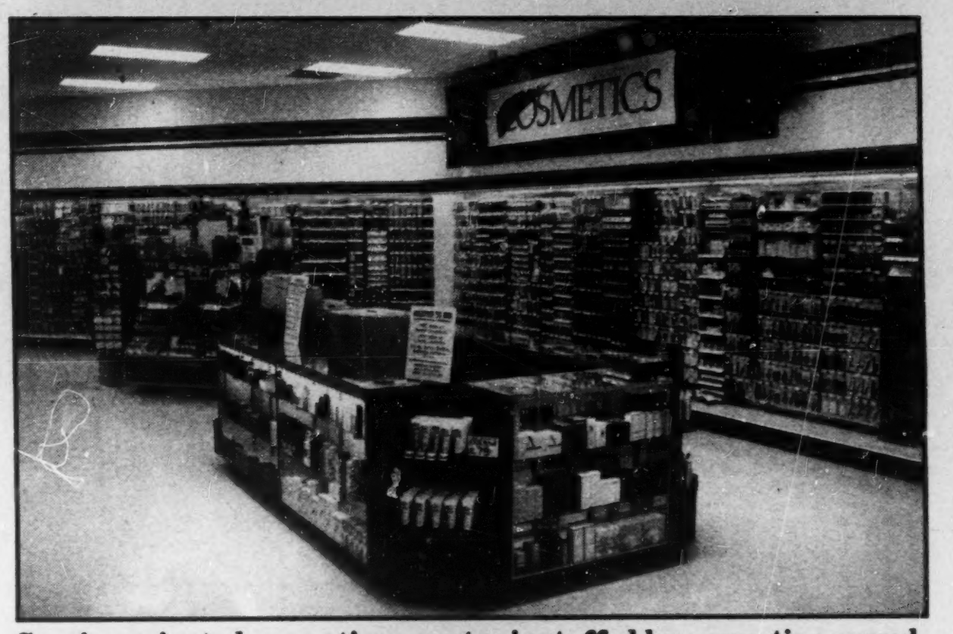
Yes Express is literally a 'store within a store.'

Separate staff

Really a store within a store, Yes Express has a separate staff and a wide selection of distinctively Minnesota gift ideas — like wild rice, maple syrup, artwork by local artists and gift baskets for businesses and individuals. It is positioned next to the manager's office for easier control and access and occupies 700 of the store's 8,000 square feet.

"Our goal is to answer customers' requests with a 'yes' every time," said vp of retail operations Mike Pan. If a local business owner, for example, wants to send a gift to a client in California, Snyder not only can say "Yes, we have some really distinctive gifts you can purchase," but can also gift-wrap, package for mailing, insure and ship the gift directly from the store.

The centers, which will be rolled to more stores, will help Snyder set itself apart from its non-locally run competitors as a Minnesota company and a source of Minnesota merchandise, said Don Beeler, Snyder's chairman, president and ceo. He also foresees using information gathered through the stores' new POS and pharmacy computer systems for direct-marketing of Minnesota-themed gift packages and other merchandise.



Service-oriented cosmetics counter is staffed by cosmetics consultant who maintains detailed files on store's customers.

• Service-oriented cosmetics department — staffed by a trained, certified cosmetics consultant who regularly conducts demonstrations and makeovers. The cosmetician keeps a card file on customers' skin types, product and color preferences, and keeps her customers informed of upcoming events they might be interested in. She might, for example, drop a customer a postcard to let her know when her favorite eye shadow goes on sale. The department has a bullpen display case and its own register.

• STARS — As *Drug Store News* recently reported, Snyder's tested STARS (Snyder's Total Automated Retail System) in six stores and, with the Eden Prairie prototype store, is starting to roll it out chain-wide. "The initial merchandise setup (in the new store) went much faster because we didn't have to price ticket anything," said vp of information services John Stubstad. "With sales information STARS tracks, we can now closely monitor our new customers' preferences and buying habits. Then we can quickly adjust and customize our merchandise mix, inventory levels and promotional strategies for the new store."

• Communications-designed pharmacy — features a newly upgraded pharmacy computer system and fine-tuned, patient-oriented layout, as well as a new patient-information labeling system. (See the Feb. 19 issue of *Drug Store News For the Pharmacist.*)

The Eden Prairie store is Snyder's 63rd corporate unit. The chain has a total of 217 corporate and independent stores in the upper Midwest.

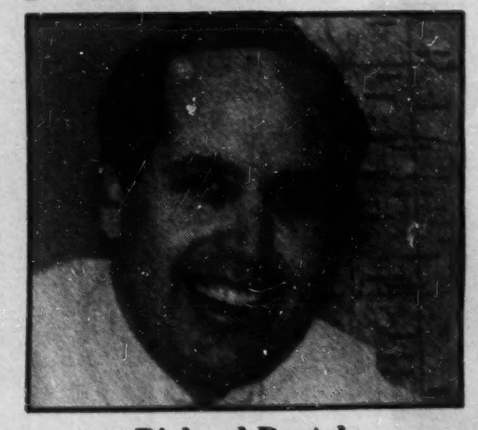
Thrifty names 3 to key posts

LOS ANGELES — Thrifty Corp. named Philip Maslowe executive vp and chief financial officer, as part of its ongoing management restructure.

In another move, Dan Seigel, current Thrifty president, will take on the additional responsibilities of chief executive officer, according to James Ukropina, chairman of Pacific Enterprises, Thrifty's parent company.

Seigel also announced that Richard Dortch will be the new president of Thrifty's Pay 'n Save Drug Stores. Dortch had been vp and general manager of the 124-store, Seattle-based chain.

Dan Seigel



Richard Dortch

Siegel's added chief executive title "shows our confidence in the steps he has taken to begin restoring Thrifty to its historic levels of profitability," said Ukropina.

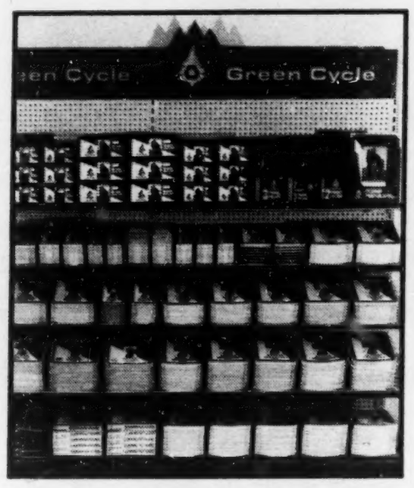
Maslowe joined the Thrifty team February 4 from the Vons Companies, Inc., where he had been vp-financial controls and analysis, and later group vp.

B-T-S's product pipe is flowing green

Continued from page 17

cled products; Union Camp's Vista line of legal pads, wirebound notebooks and wireless books; Esselte Pendaflex's EarthWise home office line; and an assortment of recycled school supplies from Plymouth. The list keeps growing.

Mead's Green Cycle product line is made from 50 percent recycled paper.



Different interpretations

While "a rose is a rose is a rose," there are many interpretations of the term "recycled paper." Carolina Pad lays claim to having the maximum recycled material in its Cycle II line, which contains 100 percent recycled fiber and 100 percent post-consumer waste. Other vendors' recycled paper lines vary in percentages of recycled material and post-consumer waste content.

Consumer education

Having unraveled the mysteries of environmental terminology themselves, some manufacturers have set about educating the consumer, which not only helps inform the public but also serves as a potent marketing strategy.

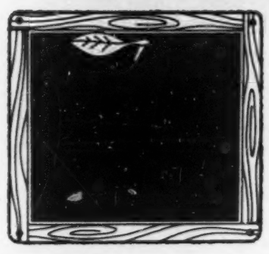
Both Carolina and Stuart Hall include a page in the front of many of their recycled notebooks and pads, explaining recycling terms and driving home the importance of conserving natural resources. Both, for example, define "post-consumer waste." In Stuart Hall's words, it's " 'used' paper, like newspaper and computer paper. It's paper that would normally go in your garbage and end up in a landfill."

Carolina Pad's fact sheet points out that "one ton of paper made from 100 percent wastepaper. . .saves 17 trees, 4,100 kilowatt hours of energy, 7,000 gallons of water, 60 pounds of air-polluting effluents, three cubic yards of landfill space [and] taxpayers dollars- . . .for waste disposal."

Higher price points

Price points of recycled paper products are generally running higher than comparable nonrecycled products—sometimes as much as 30 percent—although some vendors say they're not passing the whole cost along. It boils down to economies of scale and supply-and-demand issues, vendors say. As recycling paper mills—which today are capable of producing only a fraction of the paper tonnage that virgin-fiber "supermills" can produce—expand and install larger-capacity paper machines, the price of recycled paper will drop. Carolina Pad points out in its fact sheet that recycled papermaking is a cheaper process than nonrecycled papermaking, and later adds, "Increased demand will result in more recycle mills and lower prices for recycled paper."

Green products are not only paper



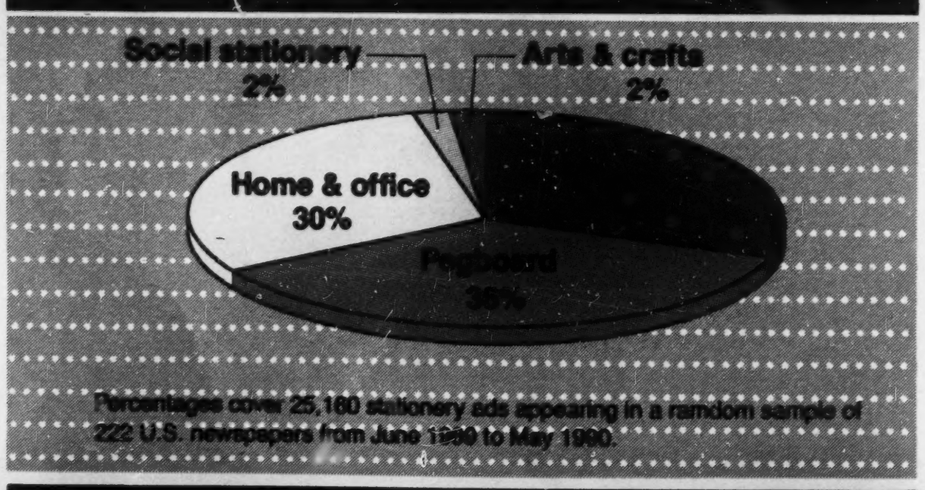
he "green" trend isn't confined to paper stationery products. Here's a sampling of other new environmentally friendly items in the category:

- In mailing supplies, Tape Inc. is introducing Quilt Wrap and Shoksorb, both made of 100 percent post-consumer recycled fiber.
- W.T. Rogers is launching an eight-product line of home office products called Regeneration, composed of 50 percent reprocessed plastic. (The plastic is pre-consumer molded material that's broken down, reground and rerun through the manufacturing process. Regeneration's packaging is printed on recycled paper.
- Eldon has three products for the Back-to-School season made of 25 percent post-consumer recycled plastics.
- Manco offers self-stick notes (50 percent recycled paper with at least 10 percent post-consumer waste content).
- Super Glue claims that the blister-card packaging of its new Stay Fresh glue five-pack is the first packaging in the industry to have both blister and card made from recycled materials.
- Acme United's Kleen Earth line includes rulers, scissors and shears for school or office made with discarded styrofoam coffee cups, school trays, burger containers and the like. Waste is transformed into rulers and scissor handles.
- Recycled Paper Products has created Earth Day cards for environmentally concerned consumers to send April 22 to friends or to those they would like to nudge toward greater awareness.

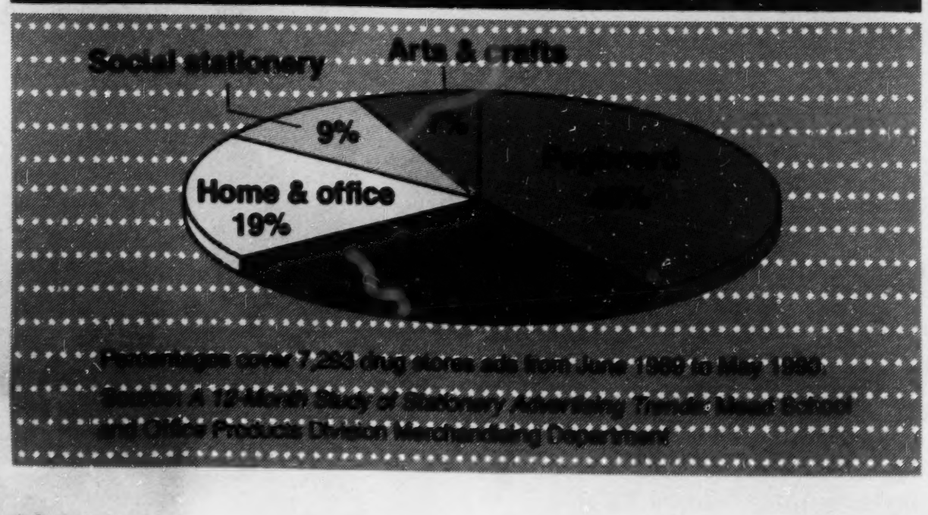
Stuart Hall's Green Leaf line comes with a paper recycling fact sheet.

Some manufacturers have also arranged tie-ins with environmental groups: Esselte Pendaflex, for example, offers to make a $1 contribution to the consumer's choice among three environmental funds for each EarthWise boxflap sent in, up to $100. Plymouth is unveiling recycled school and preschool products with National Wildlife Federation.

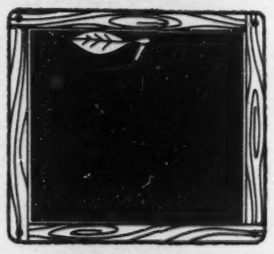
Breakout of total stationery ads



Breakout of drug store stationery ads


Social stationery
Arts & crafts
9%
Home & office
19%
Pegboard
Percentages cover 7,253 drug stores ads from June 1989 to May 1990.
Source: A 12-Month Study of Stationery Advertising Trends: Mead School and Office Products Division Merchandising Department

Makers study B-T-S trends



ome manufacturers are undertaking ambitious projects to throw light on the category's dynamics. Mead's merchandising department, for example, recently completed a yearlong study of stationery advertising in five channels of distribution (drug stores, mass retailers, food stores, department/variety store and deep discount/warehouse/office supply outlets), called "A 12-Month Study of Stationery Advertising Trends." The study involved the tracking and analyzing of stationery advertisement tear sheets (ROP and circulars) from 222 newspapers around the country for a year. A total of 25,000 stationery ads were analyzed.

The aims were to find out who advertises stationery products, which products are advertised most often, what channel advertises the most (and least) and when most advertisements appear. By gaining a better fix on how stationery is promoted, the authors state, "we can make more informed decisions about planning promotional strategies

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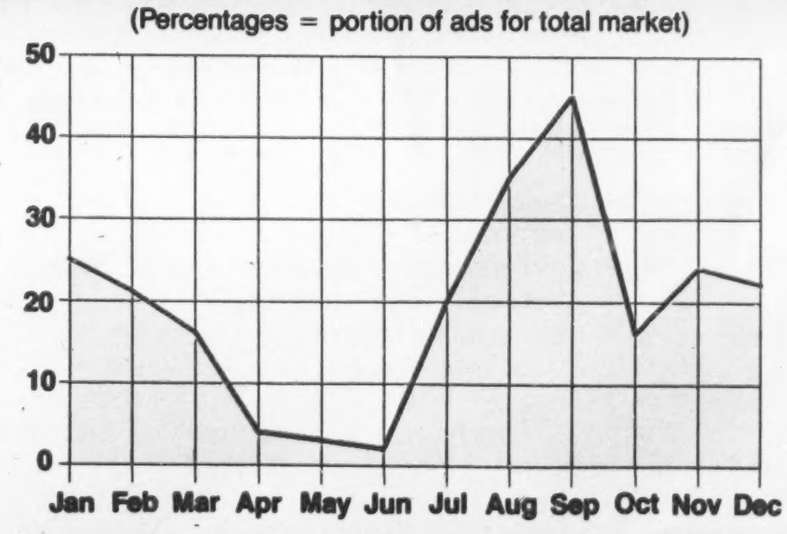
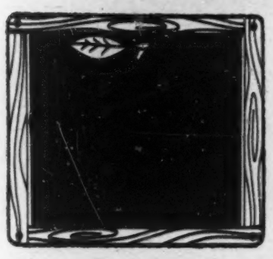
Frequency of drug store stationery advertising



Source: *A 12-Month Study of Stationery Advertising Trends:* Mead School and Office Products Division, Merchandising Department.

Stationery product designs will be colorful and dressed-up for 1991



eal. Purples. Parrot-bright reds, greens and blues. Neons and naturals. Tropical, batiks, marine life. Foils and holographs.

These are some of the colors and design themes buyers will be seeing in stationery products for Back-to-School 1991.

Savvy school supply vendors say they consult color and design experts, who know a year in advance what garment manufacturers will be showing, to get a fix on what colors and designs to "dress" their B-T-S products in.

Keith Clark's new Student Planners are outstanding examples of the fashion colors and themes B-T-S vendors are producing this year. The planner covers feature batik and tropical themes in lush shades of purple, ruby, teal, yellow and green.

Neon still bright

Neon colors are still going strong, with some new twists: Elmer's is bringing out "GluColors," two three-pack assortments of decorative glues in six neon colors. A pocket-size brochure provides ideas on ways to use the colorful glues in art and craft projects.

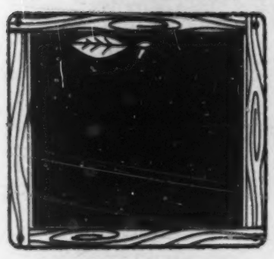
Some new fashion stationery products reflect a merging of technology and esthetics, or technology and function, or both. Plymouth's "Hot Ice" portfolios and theme books, for example, sport covers of holographic metalized material laser etched to create a prism of colors as it catches the light. W.T. Rogers has also come out with a holographic design for its "LuminAtions" handled school case. K&M's new PolyPort folio—a lightweight yet durable poly construction with die-cut, heat-sealed pockets—is attractive partly because it's so simple and functional.

Color mixing, matching

Empire Berol's new Trend Line pencils are the result of a patented technological process it developed that makes possible features such as a triangular-shaped pencils (intended to provide a better grip) and black-lead pencils with "color to the core," which allows the mixing or matching of core colors with external colors, ferrules and erasers. The line includes foil-wrapped and metallic-colored pencils, which some other vendors are also featuring this year.

Super Glue's new Stay Fresh five-pack features innovative packaging: five vials of Super Glue contained in a resealable (zip-locking) pouch that includes a Silica Gel envelope to keep the glue fresh. The vials can be broken off as needed and resealed or discarded after use.

New writing instruments are fashion-conscious



riting instrument makers are casting a color-spangled net of fashion and novelty products to help retailers reel in a big catch of student shoppers this Back-to-School season.

Neon will be very much in evidence again this year, and barrels will reflect the latest fashion designs and textures, ranging from Pentech's textured-fabric wrapped "Fiberz" ballpoints to tie-dye and jungle inspired designs in Bic's Wavelengths line. To tune in to teen preferences, Bic even let teen focus groups help name the products in the line, with results like "Rad Writers," "Animal Skins" and "Heat Waves."

Foil and colors

Retailers will also be seeing foil-wrapped items, such as one in Empire-Berol's new Trend Line, and color-coordinated writing instrument sets, like the bold shades of turquoise, pink, purple and yellow/black in Pilot's Colours line. Other colors coming on strong are teal, green and black.

In addition to the bright plumage most writing instruments will display this B-T-S season, Faber-Castell and Pentech are among manufacturers who will have unvarnished wood "raw" or "natural" pencils, to appeal to those who buy "green."

Some companies, aware that many youngsters need help while their fine motor skills are developing, are bringing out pens and pencils especially shaped, textured or grooved to help them get a better grip on things, such as Empire Berol's triangular-shaped pencils and Scripto-Tokai's rubberized barrels.

Vendors are introducing more value-added and multi-packs than ever this year, to offer consumers better variety and value. They also seem to be increasingly favoring blister-card packaging over plastic pouches for peggables, viewing it as the best way to display fashion items and to be environmentally friendly, by using recycled paperboard for the cards.

Items for kids

There will be plenty of writing items to satisfy kids' yen for novelty and fads, too, such as Pentel's Flexiboll capless ballpoint, which comes in a multi-pack with neon-colored shoelaces and a refill cartridge.

What's its gimmick? It bends in the middle, making it, says Pentel, "the wackiest pen ever."

In the highlighters and markers segment, Pentech is introducing the Bookmarker, a chisel-point highlighter thin enough to use as a book mark, with added features of a pocket clip and graphic inch and centimeter measurements on the barrel. And Faber-Castell has "Uni-Combi," a two-in-one instrument consisting of ball pen at one end and highlighter at the other.

$25,000 tuition sweepstakes

Many vendors are unveiling B-T-S consumer promotions. Among them: a $25,000 college tuition sweepstakes co-promotion by Scripto-Tokai and Thermos Lunch Kits, a multi-million-dollar ad campaign in teen and fashion magazines and on cable TV and USA Network by Bic, a $100,000 "Win-in-an-Instant" consumer game from Pilot Pen, and a Pentel Special Olympics tie-in.

Writing instrument retail sales hit $3.25 billion in 1989

	1988		1989	
	Units (in mill.)	Mfrs' prices* (in mill. $)	Units (in mill.)	Mfrs' prices* (in mill. $)
Fountain pens[1]*	20.9	$63.4	23.1	$68.4
Ballpoint pens[2]	2,785.1	$516.1	3,017.2	$560.4
Roller pens	355.9	$171.2	413.1	$201.2
Porous point pens	544.8	$162.7	706.2	$188.1
Markers/ highlighters	564.2	$208.4	680.2	$231.8
Mechanical pencils	284.7	$211.9	333.9	$238.5
Desk pen sets	3.2	$19.8	2.9	$18.6
Other[3]	—	$102.1	—	$121.0

[1]Includes regular and calligraphy
[2]Includes refillable and nonrefillable
[3]Estimated partially based on Bureau of Census data. Includes refills for ballpoints, fountain pens and roller pens, penpoints and refill leads, etc.
*Includes imports and exports
Source: Annual estimates compiled by the Writing Instrument Manufacturers Association

During the BTS season there will be plenty of writing items in neon colors to satisfy kids' yen for novelties and fads.

Upswing predicted in stationery/school/home office

Drug store, combo and discount merchandisers are bullish about their stationery/school/home office departments.

In a *Drug Store News* survey, more than 90 percent of stationery category respondents said they expect category sales to increase between 5 percent and 10 percent over the coming year, and about one-third said they plan to increase space for stationery/school/home office products from 5 percent to 20 percent within the next 12 months. No one said they expect category sales to be flat or to decrease.

Leading chains responded

The survey represents responses from leading chains with approximately 4,000-5,000 stores across the country.

It may come as no surprise that more than half of the respondents see home office supplies as the fastest-growing segment in the category, but the segment that got the next-highest vote—recycled/reduced package products—may cause some buyers to sit up and take notice. Children's art/activities was the third most cited segment for fast growth, tied with year-round stationery.

Leading trends

When merchandisers were asked to rank the strongest trends in the category, color got the most first-place votes, with "willingness to trade up" second, multi-packs/bulk packages third and price consciousness fourth. Licensing, "green" products and organizational aids were generally ranked lower.

Here are some other findings:

- Three-fourths of responding buyers said they promote the category year-round rather than just at peak periods.
- Peak promotional periods are Back-to-School, second semester B-T-S and tax time, in that order, with Mother's and Father's Day and Christmas also seen as promotional opportunities by some.
- Half of the respondents said they'll step up B-T-S advertising, and about one-third plan to lengthen that advertising period. Almost 30 percent plan to lengthen the second-semester ad schedule. A like percentage plan to increase tax-time advertising, with 21 percent planning to extend the tax-time advertising schedule. One chain indicated plans to step up its year-round stationery category statement, and another will increase Christmas season advertising of the category.
- Over half of the respondents said they devoted 5 percent-10 percent more promotional space or endcaps to the category last year, and 36 percent allotted 10 percent-20 percent more space or endcaps.
- While 21 percent said they'll maintain the status quo on licensed items, 57 percent plan to decrease licensed products this year. The majority also indicated they generally stick with "classic" licenses, such as Disney, but bring in fad licenses for B-T-S time.

Manufacturers study B-T-S trends

Continued from page 18

that improve the performance and increase the profitability of stationery in the retail channels."

Main findings

While space does not permit extensive discussion of the results, here are a few key findings:

- Total stationery advertising was split about evenly among pegboard (one-third), school (one-third) and home and office items (one-third).
- Half of stationery advertising occurred in August, with about 20 percent occuring in January and September combined.
- Deep discount/warehouse/office supply stores advertised significantly more often than any other channel and advertised more frequently when other channels were not advertising and less frequently when other channels were advertising.
- Food/grocery stores placed less than 2 percent of the total ads from February through June, but accounted for more than 20 percent of total ads placed in August.
- Drug stores placed almost one-half of all advertising in September. Drug stores accounted for more than 20 percent of total ads in six of the 12 months. Two out of every five drug store ads were for pegboard items, one in four for school items.

School supplies

Union Camp offers fashion lines

Union Camp Corp. offers the Signature line of fashion notebooks (wireless and microperforated), portfolios and binders in abstract designs inspired by the latest sports clothes graphics.

Other new lines of notebooks, portfolios and binders include the Design 12 series; the American Blues Company, a line of fabric-covered items mixing denim and bold patterns; and the expanded Upper Classman line, which now includes a poly portfolio in assorted colors, with two horizontal pockets.

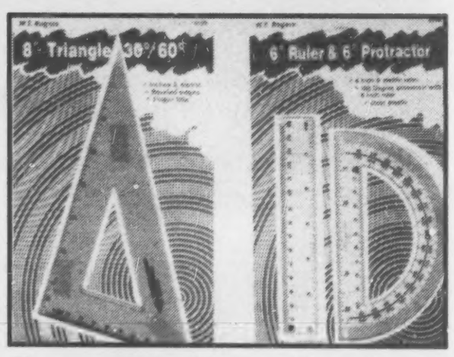
Union Camp, Wayne N.J. 07470.

Ring binders make portable desks

K&M Company introduces Smart Pockets, a nylon binder cover that serves as a portable desk for students. Inside the cover is a transparent window for an ID card, plus folder-type pockets or pockets with zippers or velcro. One outside pocket expands for bulky items.

PolyPort Folios and PaperPort vinyl two-pocket portfolios are lightweight yet have durable poly construction.

K&M Company, 525 Maple Ave., Torrance, Calif. 90503.



Peggable line of school items

W.T. Rogers Company offers Measure Up, a peggable program of drawing and measuring instruments including protractors, rulers, compasses, lettering guides and triangles, mounted or blister carded.

W.T. Rogers Company, Corp. Hdqtrs., P.O. Box 4327, Madison, Wis., 53711-0327.

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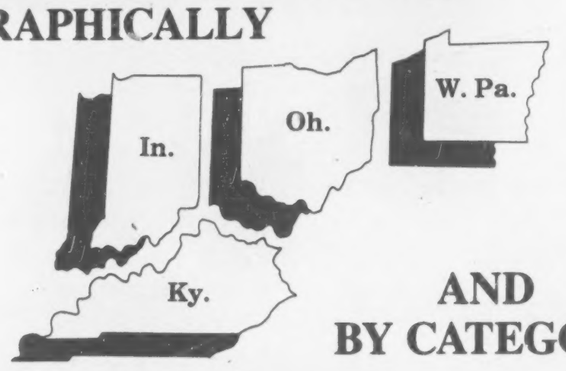

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SMG sweetens its offer in stock, bond buyback

WOODBRIDGE, N.J. — Supermarkets General's new holding company increased the price it is offering for bonds and preferred stock in a tender offer whose deadline has been extended for the fifth time.

SMG-II, the holding company, increased the cash offer for 13 1/8 subordinated debentures from 27 percent of their principal amount to 33 percent. The company also upped the offer for preferred shares to $7 per share from $5 per share, as it extended the deadline for a response to Feb. 4.

Part of restructure

The offer is part of a fiscal restructure aimed at reducing interest and dividend costs and improving SMG-II's balance sheet. The operator of Pathmark Drug stores was forced into a $1.8 billion LBO three years ago.

The deal will "almost eliminate" a deficit in equity in relation to long term debt. As of Nov. 3, that debt was $1.67 billion, with equity at minus $170 million, said Harvey Gutman, vp of retail development.

In raising the price, SMG-II also amended the amount of bonds and shares it is seeking to buy. It is now tendering for $110 million in bonds, down from the initial $155.5 million, and for 3.4 million preferred shares, up from 1.7 million.

The $80 million price of the restructured offer will stay the same, said Gutman. That's the amount a group of investors has proposed to infuse into the holding company in return for new (nondividend-paying) preferred stock.

Before the amended offer, the company was short of receiving the minimum tender response required by the potential investors, who include affiliates of Merrill Lynch & Co. and the Equitable Life Assurance Society.

As of Jan. 16, $28.6 million in bonds and 696,600 of the shares had been tendered. With the new offer the minimum is reduced. Now at least $70 million in bonds and at least 1.65 million shares of preferred stock must be tendered.

SMG-II has also negotiated new covenants with its banks after it had said it would fail to meet minimum performance requirements. Levels on operating profit, net worth and interest coverage have been adjusted "to levels conforming to management's current performance projection for (1990 to 1994)," it said in its third quarter report to the Securities and Exchange Commission.

Improved earnings

SMG-II showed improved operating earnings despite a weak economy.

Sales for its supermarkets and drug stores (and excluding its Rickel home centers) were $4.59 million for the nine months ended Nov. 3. That compares with $4.61 million for the nine months of 1989.

Operating earnings for nine months for the entire company were $122.5 million compared with $81.6 million in the period last year, as the gross profit grew to 25.1 percent, compared with last year's 24.3 percent.

Improved product mix and retail pricing, opportunistic buying, and reduced inventory shrinkage in the supermarkets and drug stores fueled the profit growth.

Thrifty reports lower earnings

LOS ANGELES — Lower gross margins pulled third-quarter operating income down to $5 million at Thrifty Corp. for the period ended Sept. 30, compared with after-tax operating earnings of $11 million the previous year. Sales for the chain's 1,079 drug and sporting goods stores were basically flat at $768 million.

Thrifty is showing the effects of tough competitive and economic conditions in the West. Same-stores sales rose a meager 1.3 percent in the third quarter, compared with a 3.8 percent rise a year ago.

"The decline in earnings was due to margins that have fallen below their traditional levels at both drug and sporting goods stores," said James Ukropina, chairman of Pacific Enterprises, Thrifty's parent company. "Thrifty is improving its operations and aggressively addressing internal problems that have contributed to lower margins."

MARKET DIARY:

Largest Dollar Gainer	Pfizer Inc.	$ 8.13
Largest Dollar Loser	Columbia Labs	$ – 0.38
Largest Percentage Gainer	Perry Drug	45.45%
Largest Percentage Loser	Halsey Drug	– 10.00%

Advances	48
Decline.	3
Unchanged	6
New highs	5
New lows	2

	Close 1/15/91	Close 1/22/91	Net Change	Percent Change
Drug Store News Index	2892.81	3055.85	163.05	5.64
Dow Jones Industrial Average	2490.59	2603.22	112.63	4.52
Standard & Poor's 500-Stock Index	313.73	328.31	14.58	4.65
N.Y.S.E. Composite	171.70	179.20	7.50	4.37
Value Line Index	186.78	194.68	7.90	4.23

Source: Nordby International Inc., Boulder, Colo.

DRUG STORE NEWS INDEX

Exch	Company	Ticker Symbol	Closing Price 1/15/91	Closing Price 1/22/91	Net Change in Period	Percent Change in Period	P/E Ratio	Annual Dividend Rate	Annual Dividend Yield	Annual High	Annual Low
Chain store transactions											
OTC	Accuhealth Inc.	ACCU	6.13	6.19	0.06	1.03	24	0.00	0.00	7.56	4.00
OTC	Arbor Drugs (H)	ARBR	20.50	20.75	0.25	1.22	18	0.20	0.96	23.00	13.25
OTC	Big B	BIGB	7.25	7.50	0.25	3.45	– 18	0.00	0.00	13.38	4.75
OTC	Drug Emporium	DEMP	6.88	7.25	0.38	5.45	12	0.12	1.66	11.00	6.25
NYS	Fay's Inc.	FAY	8.00	8.50	0.50	6.25	12	0.20	2.35	10.75	7.25
ASE	Genovese Drug	GDX.A	5.88	6.00	0.13	2.13	11	0.24	4.00	9.88	5.50
NYS	Longs Drug Stores (L)	LDG	31.50	33.38	1.88	5.95	11	1.04	3.12	43.63	30.88
OTC	Medicine Shoppe	MSII	20.88	22.25	1.38	6.59	20	0.24	1.08	26.75	15.50
NYS	Perry Drug (L)	PDS	4.13	6.00	1.88	45.45	100	0.00	0.00	9.88	3.75
NYS	Rite Aid Corp.	RAD	36.00	38.25	2.25	6.25	15	1.00	2.61	38.63	29.50
NYS	Walgreen Co.	WAG	50.00	52.63	2.63	5.25	18	0.92	1.75	53.25	39.88
Wholesaler's transactions											
ASE	Bergen Brunswig	BBC	27.00	28.50	1.50	5.56	15	0.40	1.40	29.63	20.50
OTC	Bindley Western Ind.	BIND	11.50	12.13	0.63	5.43	17	0.04	0.33	14.25	8.63
OTC	Cardinal Distribution (H)	CDIC	27.25	29.75	2.50	9.17	26	0.08	0.27	29.75	15.88
OTC	Durr-Fillauer	DUFM	20.63	21.75	1.13	5.45	17	0.24	1.10	22.63	15.63
ASE	Ketchum	KCH	1.63	1.63	0.00	0.00	– 1	0.00	0.00	3.13	1.25
NYS	McKesson Corp.	MCK	30.63	31.63	1.00	3.27	14	1.60	5.06	38.38	26.88
ASE	Moore Medical	MMD	3.88	4.25	0.38	9.68	– 5	0.00	0.00	9.25	3.50
NYS	Owens & Minor	OMI	14.13	14.13	0.00	0.00	19	0.24	1.70	15.13	10.63
Manufacturer's transactions											
NYS	Abbott Labs	ABT	39.88	41.88	2.00	5.02	19	0.84	2.01	46.38	31.25
NYS	American Home Products	AHP	47.75	49.38	1.63	3.40	13	2.12	4.29	54.88	43.00
NYS	Baxter International	BAX	26.88	28.00	1.13	4.19	– 97	0.64	2.29	29.50	20.50
OTC	Block Drugs Co. (H)	BLOCA	37.75	40.00	2.25	5.96	15	0.76	1.90	40.00	29.63
ASE	Bolar Pharmaceutical	BLR	2.25	2.25	0.00	0.00	– 2	0.00	0.00	17.13	1.88
NYS	Bristol-Myers Squibb	BMY	63.25	66.63	3.38	5.34	20	2.40	3.60	68.00	50.50
NYS	Carter-Wallace	CAR	53.50	53.63	0.13	0.23	16	0.92	1.72	57.50	44.88
ASE	Columbia Labs	COB	4.50	4.13	– 0.38	– 8.33	– 3	0.00	0.00	14.75	3.63
ASE	Forest Labs	FRX	47.50	49.88	2.38	5.00	30	0.00	0.00	50.75	33.63
ASE	Halsey Drug	HDG	2.50	2.25	– 0.25	– 10.00	225	0.00	0.00	5.63	2.13
NYS	ICN Pharmaceutical	ICN	2.50	2.63	0.13	5.00	0	0.00	0.00	5.25	2.50
ASE	Lee Pharmaceutical	LPH	0.88	1.00	0.13	14.29	– 4	0.00	0.00	2.75	0.88
ASE	Leiner P. Nutrition	PLI	7.25	7.25	0.00	0.00	8	0.00	0.00	12.63	6.75
NYS	Lilly Eli Co.	LLY	69.50	76.13	6.63	9.53	20	2.00	2.63	90.38	58.75
NYS	Marion Labs	MKC	33.88	35.25	1.38	4.06	24	0.80	2.27	36.25	21.00
NYS	Merck Co.	MRK	83.50	87.63	4.13	4.94	20	2.24	2.56	91.13	67.00
NYS	Mylan Labs	MYL	17.50	18.75	1.25	7.14	21	0.20	1.07	24.75	13.75
NYS	Par Pharmaceutical	PRX	4.00	4.63	0.63	15.63	– 4	0.00	0.00	8.25	3.38
NYS	Pfizer Inc. (H)	PFE	75.38	83.50	8.13	10.78	19	2.40	2.87	83.50	54.50
NYS	Rhone-Poulenc Rorer	RPR	68.50	69.25	0.75	1.09	– 44	0.84	1.21	78.25	56.00
NYS	Schering Plough	SGP	42.63	42.38	– 0.25	– 0.59	18	1.12	2.64	50.75	37.00
NYS	Syntex Corp.	SYN	57.75	60.88	3.13	5.41	19	1.60	2.63	63.75	46.75
OTC	Taro-Vit Industries	TAROF	2.75	2.75	0.00	0.00	– 46	0.00	0.00	3.13	0.88
NYS	Upjohn Co.	UPJ	35.25	36.88	1.63	4.61	19	1.16	3.15	44.63	33.00
NYS	Warner-Lambert	WLA	64.00	69.00	5.00	7.81	20	1.52	2.20	70.38	49.63
OTC	Zenith Labs	ZENL	5.50	5.50	0.00	0.00	0	0.00	0.00	9.50	3.75
Other retailer transactions											
NYS	Albertson's	ABS	33.75	37.13	3.38	10.00	23	0.48	1.29	37.75	24.38
NYS	American Stores	ASC	55.00	59.50	4.50	8.18	14	1.12	1.88	71.50	42.63
NYS	Giant Food (H)	GFS.A	27.75	30.25	2.50	9.01	15	0.60	1.98	30.25	21.13
NYS	Great Atlantic&Pacific Tea	GAP	40.63	46.50	5.88	14.46	12	0.80	1.72	59.63	37.75
NYS	Kmart	KM	27.00	28.75	1.75	6.48	17	1.72	5.98	37.00	23.38
NYS	Kroger	KR	13.13	14.00	0.88	6.67	54	0.00	0.00	17.00	10.63
NYS	Melville Corp.	MES	40.88	43.75	2.88	7.03	12	1.44	3.29	57.75	32.75
OTC	Fred Meyer	MEYR	11.50	12.00	0.50	4.35	– 60	0.00	0.00	18.25	10.00
NYS	Penney, JC	JCP	43.75	46.88	3.13	7.14	8	2.64	5.63	70.88	37.38
NYS	Safeway	SWY	12.00	13.25	1.25	10.42	33	0.00	0.00	16.88	10.25
NYS	Smith's Food & Drug	SFD	29.25	30.00	0.75	2.56	23	0.28	0.93	34.50	23.00
NYS	Wal-Mart	WMT	29.13	31.13	2.00	6.87	29	0.12	0.39	36.75	20.25

Key: (H) = New annual high reached in the bi-weekly period. (L) = New annual low reached in the bi-weekly period. NYS = New York. ASE = American. OTC = Over the counter. (s) = Reflects stock split.
Source: Nordby International, Inc., Boulder, Colorado (303) 449-0326.

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